

**DEPARTMENT OF TAXATION
2012 Fiscal Impact Statement**

1. **Patron** Michael J. Webert

2. **Bill Number** HB 368

3. **Committee** Senate Finance

House of Origin:

Introduced

Substitute

Engrossed

4. **Title** Neighborhood Assistance Act Tax Credits;
Certified Mediators

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would expand the professional services eligible for tax credits under the Neighborhood Assistance Act to include services provided by mediators certified by the Judicial Council of Virginia.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

8. Fiscal implications:

Department of Taxation Administrative Impact

The Department of Taxation ("the Department") considers implementation of this bill as routine and is not requesting additional funding.

Department of Social Services Administrative Impact

The Department of Social Services reports that its administration of the Neighborhood Assistance Tax Credit program would not be directly affected by this change.

Revenue Impact

Under current law, the Neighborhood Assistance Act Tax Credit is capped at \$11.9 million, and may not be authorized after Fiscal Year 2014. Because this bill would not affect the current cap, this bill would have no revenue impact. However, because this bill would expand the number of professionals who would be eligible for the credit, it would further divide the pool of available credits.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Social Services

10. Technical amendment necessary: No.

11. Other comments:

Current Law

The Virginia Neighborhood Assistance Act provides an income tax credit to businesses and individuals that donate to neighborhood organizations for approved programs that benefit impoverished people. Under this Act, a neighborhood organization is allocated credits through the Neighborhood Assistance Act Program. The Department of Social Services (“DSS”) is responsible for approving the programs and allocating the tax credits to the qualifying neighborhood organizations. When an individual or business donates to an organization that qualifies as a neighborhood organization, they are eligible to receive an income tax credit from that neighborhood organization.

In addition to money and property, taxpayers may donate certain professional services in order to qualify for this credit. “Professional services” is currently defined to include personal services rendered by medical doctors, dentists, architects, professional engineers, certified public accountants, attorneys-at-law, and veterinarians.

Proposal

This bill would expand the professional services eligible for tax credits under the Neighborhood Assistance Act to include services provided by mediators certified by the Judicial Council of Virginia.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 131 would increase the annual cap for Neighborhood Assistance Act Tax Credits to \$15 million, increase the annual cap for education proposals to \$8 million, increase the credit percentage to 65 percent, expand eligibility criteria, change the procedures for reallocating credits, and extend the sunset date to July 1, 2017. This bill would also create an Education Improvement Scholarships Tax Credit equal to 65 percent of monetary donations made to scholarship foundations.

Senate Bill 680 would expand the definition of "impoverished people" for all purposes under the Neighborhood Assistance Act Tax Credit program to include any resident of a nursing home or assisted living facility who is a Medicaid recipient. This bill would also decrease the minimum percentage of impoverished persons that a neighborhood organization serves from 50 to 40 percent in order to qualify for the tax credit program.

cc : Secretary of Finance

Date: 2/19/2012 tlg
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